

South Koreans Buying Organic

By Young Sook Oh and
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In South Korea, locally grown organic fruits, vegetables and rice account for only 0.2 percent of the country's total agricultural production. However, judging from the amount of space retail outlets devote to organic produce, demand for these products seems to be growing.

At present, imports of organic products consist mainly of ingredients for infant formulas, other baby foods and some health foods. However, many Korean importers expect the market for processed organic foods to grow dramatically in the next few years.

Market Particulars

Some 55 percent of Korean consumers who purchase organic products do so because they are concerned with their health. According to a customer survey, they seem to be interested in foods that have potentially healthful benefits and medicinal qualities. Korean demand for processed organic products is expanding, as is organic food research.

Currently, there is only one company in Korea that sells exclusively organic products, including imported processed items. This company operates six retail outlets in Seoul and does a robust Internet business. Another major retail company is planning to open an organic store later this year.

In addition, many high-end department stores feature an organic corner. Food buyers for these stores are extreme-



ly interested in expanding their organic sections.

Another important feature of this market is that a number of organic food stores located in the huge residential apartment complexes common in Seoul sell only organic products.

Currently, the types of organic prod-

ucts commonly available are fresh produce, rice, baby food, bread, baking flour and breakfast cereal. Products likely to catch on include organic juices, snack foods and meats.

Four major Korean companies are manufacturing organic baby food, and they are looking to import dairy, grain,

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fruit and vegetable ingredients because domestic organic production is extremely small. Other manufacturing companies are seeking organic ingredients for their production lines.

For example, several local Korean companies are selling organic juices, such as carrot juice, that have become very popular. Because carrots are among the commodities that local producers cannot supply in sufficient quantities to satisfy local demand, these companies are looking to foreign suppliers.

Another organization, the National Agricultural Cooperative Federation, a quasi-government agency for local farmers, is interested in purchasing organic feed for local organic livestock production. Finding U.S. organic suppliers of products for these uses is not always easy.

To enter the Korean organic market, exporters must create product awareness through trade show participation and displays in high-end department stores that already have organic food sections.

The Regulations Challenge

One of the largest impediments for U.S. organic producers who want to export to Korea is its regulatory structure. Korean regulations can be ambiguous, and at times customs agents interpret them differently.

For example, the certification requirements for processed foods set up by KFDA (the Korean Food and Drug Administration) seem clear, but they are applied inconsistently.

For each delivery, KFDA requires imports of processed organic foods from the United States to have a copy of the organic certificate for the plant or farm issued by USDA's Agricultural Marketing Service, plus an original transaction cer-

tificate certifying that the shipment is organic. Moreover, at times some customs officials require an original USDA organic certificate rather than a copy.

KFDA requires that labels for processed organic foods clearly show the percentage of organic ingredients:

- If all ingredients are organic, then "100-percent organic agricultural product" labels may be used.
- If more than 95 percent (by weight) of the ingredients contained in the finished product are organic, then the term "organic" may be used as part of the product name. In this case, the organic ingredients must be stated in percentages in the labeling section for raw material names.
- If the ingredients in the finished product are more than 50 but less than 95 percent organic, then the term "organic" may be used on the labeling surface of the container but not in the main labeling panel. The organic ingredients must be stated in percentages in the labeling section for raw material names.
- If less than 50 percent of the ingredients are organic, then the term "organic" may be used only in the labeling section of the raw material names.

For fresh produce, a color-coded label system is employed:

- Produce cultivated with no agricultural chemicals and no chemical fertilizer for three years is labeled with a green label as "organic product."
- Produce cultivated with no agricultural chemicals and no chemical fertilizer for one year is considered transitional and is labeled with a light green label as "transitional organic agricultural product."
- Produce cultivated with no agricultural chemicals but with chemical fertilizer is labeled with a blue label as having been



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produced with "no agricultural chemicals."

- Produce cultivated with half the amount or less allowable by law of agricultural chemicals is labeled with an orange label as having "low agricultural chemicals." ■

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